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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
OAKLAND DIVISION

LG ELECTRONICS, INC.,

Plaintiff,

v.

QUANTA COMPUTER INC., and
QUANTA COMPUTER USA, INC.

Defendants.

Case No: 4:08 CV 3407 CW

**JOINT CASE MANAGEMENT
STATEMENT**

Pursuant to the Court's August 6, 2008 Case Management Scheduling Order for Reassigned Civil Case, Plaintiff LG Electronics Inc. ("LGE") and Defendants Quanta Computer, Inc. ("QCI") and Quanta Computer USA, Inc. ("QCA") (collectively "Defendants"), hereby submit the following Joint Case Management Statement regarding this matter.

1. Jurisdiction and Service

This matter only recently commenced. On July 15, 2008, LGE filed its complaint against Defendants alleging patent infringement. LGE served the complaint and summons on QCA on July 17, 2008. Pursuant to the parties' stipulation and the Court's Order of August 11, 2008, QCI's counsel has agreed to accept service of the complaint on behalf of QCI, a foreign entity. LGE has provided QCI's counsel with a copy of the complaint and, as set forth in the parties' stipulation, Defendants have until September 22, 2008 to respond to LGE's complaint.

LGE contends that the Court has subject matter jurisdiction over all claims pursuant to 28 U.S.C. §§1331 and 1338. LGE further contends that the Court has personal jurisdiction over Defendants, and that venue is proper in this Judicial District pursuant to 28 U.S.C. §§ 1391(b), 1391(c), and 1400(b). Because the Defendants have yet to respond to LGE's complaint, they reserve the right to assert all available defenses. All named parties have been served or have accepted service of process.

2. Facts

This is an action for patent infringement brought by LGE against Defendants QCI and QCA. On July 15, 2008 LGE filed its complaint in the Northern District of California asserting that Defendants infringed, contributed to the infringement of, or have induced others to infringe, U.S. Patent No. 4,918,645 ("the Patent-In-Suit"). LGE previously asserted the Patent-in-Suit (the '645 Patent) against Defendants in *LG Electronics, Inc. v. Q-Lity Computer, Inc., et al.*, U.S. District Court, Northern District of California, Case No. 01-02187-CW.

By Order dated February 6, 2003, the Court found that LGE could not pursue infringement of its apparatus claims as to Quanta products using licensed Intel components on the ground of patent exhaustion. That ruling was appealed, and in June 2008, the United States Supreme Court affirmed that LGE's patent rights with respect to Intel-based products had been exhausted as to both apparatus

and method claims. *See Quanta Computer, Inc. v. LG Electronics, Inc.*, No. 06-937, slip op. at 19 (June 9, 2008) (“Intel’s authorized sale to Quanta thus took its products outside the scope of the patent monopoly, and as a result, LGE can no longer assert its patent rights against Quanta.”). By Orders dated November 30, 2004, and January 19, 2005, the Court held that Defendants’ products did not infringe the ‘645 Patent. LGE appealed the District Court’s entry of judgment in favor of Defendants to the United States Court of Appeals for the Federal Circuit. Following remand from the Federal Circuit, LGE dismissed all claims of infringement of the ‘645 Patent with prejudice as to the products at issue in the litigation, and without prejudice as to later products. The ‘645 Patent expired on September 17, 2007. Defendants contend that to the extent LGE alleges infringement of Quanta products using licensed Intel components, the recent Supreme Court decision affirms that LGE’s patent rights with respect to Intel-based products have been exhausted as to both apparatus and method claims, and that any such claims are barred by principles of res judicata.

LGE contends that the accused Information Handling Systems of the present case do not include the products at issue in *LG Electronics, Inc. v. Q-Lity Computer, Inc., et al.*, which were the subject of the Court’s May 30, 2007 Order Granting Stipulation of Dismissal of Claims and Counterclaims Related to U.S. Patent Nos. 4,918,645 and 5,892,509. LGE further contends that because Intel’s sales to Quanta may constitute foreign sales, the patent exhaustion issue is yet to be resolved.

3. Legal Issues

- a. LGE asserts that Defendants directly or indirectly infringed the claim(s) of the Patent-in-Suit in violation of 35 U.S.C. § 271.
- b. LGE seeks money damages arising out of the alleged infringement of the Patent-in-Suit.
- c. Defendants dispute that they infringed the Patent-in-Suit and that LGE is entitled to damages, but because the Defendants have yet to respond to LGE’s complaint, Defendants reserve the right to assert all available defenses.

1 **4. Motions**

2 No motions are pending, and due to the early stage of this lawsuit, it is difficult to estimate
3 which motions may be anticipated in the future. Defendants believe that they may file a motion to
4 dismiss, however, on the ground of patent exhaustion and res judicata with respect to Defendants'
5 products that use licensed Intel components.

6 **5. Amendment of the Pleadings**

7 Based on the information now available, the parties do not currently anticipate amending
8 their claims or defenses, but reserve the right to do so – subject to leave of Court if required – if
9 further information indicates that amendment would be appropriate.

10 **6. Evidence Preservation**

11 The parties have taken steps to preserve evidence relevant to the issues reasonably related to
12 this action.

13 **7. Disclosures**

14 Pursuant to the July 15, 2008 Order setting initial case management conference and ADR
15 deadlines, the parties intend to serve their initial disclosures under Fed. R. Civ. P. 26(a)(1) by
16 October 15, 2008.

17 **8. Discovery**

18 No discovery has been taken to date. This matter only recently commenced, and the
19 Defendants have until September 22, 2008 to respond to LGE's complaint. LGE anticipates that
20 modifications to the limitations on discovery are desirable, and will submit jointly with Defendants a
21 proposed discovery plan in the subsequent Case Management Statement and Rule 26(f) Report, both
22 of which are due on October 15, 2008.

23 **9. Class Action**

24 Not applicable.

25 **10. Related Cases**

26 Pursuant to this Court's Order, this case has been related to *LG Electronics, Inc., v. Hitachi,*
27 *Ltd., et al.*, Civ. Action No. C 07-06511 CW.

11. Relief

LGE seeks monetary damages (in an amount sufficient to compensate for the alleged infringement of the Patent-in-Suit and in no event less than a reasonable royalty), that the damages be trebled, interest and costs, attorneys' fees and injunctive relief. Defendants have not yet responded to LGE's complaint but hereby reserve the right to seek relief from LGE, pursuant to 35 U.S.C. § 285 and 28 U.S.C. § 1927, if appropriate.

12. Settlement and ADR

The parties have yet to meet and confer regarding ADR, but will do so and submit the required Certifications and a Stipulation or Notice by the October 1, 2008 deadline set by the Court.

13. Consent to Magistrate Judge for All Purposes

In light of the Court's Related Case Order, this is not applicable.

14. Other References

With the exception of the information contained in section 12, above, the parties have no further information regarding ADR process or deadlines at this time. The parties do not believe that this case is suitable for reference to arbitration, a special master or the Judicial Panel on Multidistrict Litigation.

15. Narrowing of Issues

The parties have not yet identified any issues that may be narrowed by agreement or motion.

16. Expedited Schedule

The parties do not believe that this case may be handled on an expedited basis.

17. Scheduling

This matter only recently commenced, and the Defendants have until September 22, 2008 to respond to LGE's complaint. The parties have yet to agree upon a proposed schedule but will submit a proposed schedule in the subsequent Case Management Statement due October 15, 2008.

18. Trial

LGE has requested a jury trial. The Defendants have not yet had the opportunity to respond to LGE's complaint. The parties have yet to determine an expected length of the trial, but will

submit an expected trial length in the subsequent Case Management Statement which is due on October 15, 2008.

19. Disclosure of Non-party Interested Entities or Persons

LGE has filed the "Certificate of Interested Entities or Person" as required by Civil Local Rule 3-16. Defendants have not yet had the opportunity to answer LGE's complaint, but will, if needed, file the "Certificate of Interested Entities or Person" as required by Civil Local Rule 3-16 no later than September 22, 2008.

20. Other

The Parties are not aware of any other matters that would facilitate the disposition of this matter.

Respectfully submitted,

Dated: August 14, 2008

Dated: August 14, 2008

By: /s/ Peter H. Kang

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QUANTA COMPUTER INC., and
QUANTA COMPUTER USA, INC

SIGNATURE ATTESTATION

I am the ECF User whose identification and password are being used to file the foregoing
JOINT CASE MANAGEMENT STATEMENT. In compliance with General Order 45.X.B., I
hereby attest that the other signatory has concurred in this filing.

Dated: August 14, 2008

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CERTIFICATE OF SERVICE

The undersigned certifies that the **JOINT CASE MANAGEMENT STATEMENT** was filed electronically, and pursuant to Civil L.R. 5-5 and 5-6, was served on all interested parties in this action (the above documents were served to registered ECF recipients via electronic service) on August 14, 2008.

Dated: August 14, 2008

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